Subcommittee on Energy and Power
The American Energy Initiative: A Focus on Legislative Responses to Rising Gasoline Prices
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(As Prepared for Delivery)

The two discussion drafts we will examine today seek to move us in the right direction by adding balance and commonsense in our approach to high fuel prices.

There's never a good time to pursue bad policies, but the Obama administration has chosen a particularly terrible time to embark on an ill-advised anti-energy agenda.

People paying $75 for each fill-up at the gas station expect their government to be helping rather than hurting.

But, for over three years, this president has arguably done more to block domestic oil drilling than any of his predecessors, Democrat or Republican.

And at a time of high prices at the pump, his Environmental Protection Agency is poised to pile on a new wave of costly regulations affecting gasoline and diesel fuel.

These would be bad policies even if gasoline was at half its current price, just for the lost jobs and compromised energy security they would cause.

But with high and rising prices, there is even more reason to question why Washington continues to go in the wrong direction.

Unfortunately, we have seen little true change in direction from this administration, just a lot of media events where the president takes credit for energy projects he did nothing to help, plenty of misleading statistics about domestic oil, and short-term gimmicks instead of real solutions.

One such gimmick involves tapping the Strategic Petroleum Reserve to reduce prices.

The president did so last June, and there are indications he may try it again.

However, the “SPR” is a stockpile of oil previously set aside for an emergency, such as a major disruption of supplies from the Middle-East.

Past attempts to use it in a non-emergency to bring down prices have never worked very well or for very long. Their only real consequence was to reduce the amount of oil on hand in case a true crisis arises.

In contrast, there is a far larger source of domestic oil than the “SPR”, one that is plentiful enough to influence prices for the long term – and that is the oil lying beneath the energy-rich federal lands and offshore areas that the President has chosen to place out of reach.

Simply put, the difference between tapping the “SPR” and allowing increased American oil drilling is the difference between a short-term gimmick and a long-term solution.

The “Strategic Energy Production Act of 2012” requires that if the administration taps the “SPR”, it must also commit to opening up more of these vast off-limits areas to oil leasing.

This measure would help reduce the price of oil, but oil is not the only factor affecting the price at the pump.

There is also the cost of refining that oil into gasoline and diesel fuel.

EPA regulations, both those that target refinery emissions as well as those dictating the recipe for gasoline, contribute to those costs.

I might add that President Obama’s Executive Order from January 2011 urged regulators to look for measures that can be streamlined or repealed. Gasoline regulations would be a great place to start, but rather than consider trimming the existing regulatory burden, the administration is ready to add to it.

This includes potential new Tier 3 gasoline sulfur and vehicle standards.

Given that the Tier 2 standards promulgated under President Clinton and implemented under President Bush reduced gasoline sulfur by 90 percent and vehicle emissions by up to 95 percent, I am concerned that further ratcheting down of these standards will amount to all pain and no gain.

I am also concerned about the impacts of the EPA's global warming regulatory agenda on the price of motor fuels.

This includes upcoming New Source Performance Standards as well as other actions addressing greenhouse gases from refineries.

The "Gasoline Regulations Act" requires a multiagency study of the cumulative effects of several listed actions on fuel prices and jobs.

It also prevents the agency from finalizing three such measures until after the study is completed. It's a look-before-you-regulate approach that makes good sense no matter what the price of gasoline is.

Both of these bills have a commonsense approach with bipartisan support. Although these bills will not solve rising gas prices in the short-term, they go a long away in helping to hold down and even reduce prices in the long-term. I look forward to working constructively with my colleagues on these two measures.